

**Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, D.C. 20554**

In the Matter of)	
)	Billed Entity No. 144003
Request for Review of Decision of the)	
Universal Service Administrative Company,)	Form 471 No. 352384
Schools and Libraries Division by)	
)	CC Docket No. 02-6
Lancaster School District)	
)	CC Docket 96-45
Request for Waiver of Section 54.404(a))	
of the Commission's Rules)	

**REQUEST FOR REVIEW OF DECISION OF THE UNIVERSAL SERVICE
ADMINISTRATION COMPANY, SCHOOLS AND LIBRARIES DIVISION BY
LANCASTER SCHOOL DISTRICT, OR IN
THE ALTERNATIVE, REQUEST FOR A WAIVER OF SECTION 54.404(a)
OF THE COMMISSION'S RULES**

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FEDERAL COMMUNICATIONS COMMISSION
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OF THE COMMISSION'S RULES**

I. INTRODUCTION AND SUMMARY

Lancaster School District ("LSD" or the "District"), and in accordance with Sections 54.719(c) and 54.722 of the Commission's Rules,¹ appeals a decision of the Universal Service Administrative Company ("USAC"), Schools and Libraries Division (the "SLD"). Specifically, LSD appeals a letter decision issued September 2, 2009 by the SLD in which it affirmed a previous determination that The District's Form 471 filed

¹ 47 C.F.R. §§ 54.719(c), 54.722 (2005).

with respect to its procurement of services did not comply with state and/or local competitive bidding guidelines and, therefore, should not have been funded.

The SLD based its determination on its interpretation of 47 C.F.R § 54.504(a) as well as the competitive bidding requirements of the Los Angeles County Office of Education (“LACOE”). For the reasons outlined in this document, LSD complied with its obligations pursuant to both 47 C.F.R. § 54.504(a) and California Public Contract Code § 1600 and § 20118.1. In addition, it will be shown that while LACOE provides guidance on policy, it does not create policy.

The SLD’s incorrect application of the law in this case would cause LSD to be required to reimburse USAC for over \$460,000 which would cause undue hardship on the District. Such a result is contrary to the intent of the Telecommunications Act and is a wholly inequitable result. As such, the SLD’s determination of September 2, 2009 should be reversed by the Commission.

In the alternative, LSD seeks a waiver of the Commission’s rules to allow LSD to retain the funding it received.² In this case, granting a waiver would avoid the inequitable result of forcing the District to reimburse the SLD despite the fact that LSD made every effort to comply with the Commission’s rules and state and/or local requirements.

II. BACKGROUND

LSD is an eligible school district which seeks discounts for eligible services pursuant to 47 C.F.R. § 54.504. Pursuant to this regulation, LSD filed Form 470 for Internal Connections on October 24, 2002 and released a Request for Proposal (“RFP”) at

² The Commission is specifically authorized to grant waivers of its rules when such a waiver would be equitable. 47 C.F.R. § 1.3 (2005).

the same time. The LSD Board of Education authorized the competitive bidding process on November 19, 2002. After waiting more than 28 days, as required by 47 C.F.R. § 54.504 “before making [a] commitment with the selected providers of services,” LSD received one proposal from Verizon upon the due date of November 26, 2002, which was publicly received, recorded, and opened. On December 17, 2002, the LSD Board of Education approved the award of the contract to the sole bidder, Verizon. On February 4, 2003, LSD filed Form 471 pursuant to 47 C.F.R. § 54.504(c) certifying that it had a signed contract and that it had complied with all state and local laws regarding the purchase of these services. On March 3, 2004, the SLD sent its Funding Commitment Decision Letter regarding these services. The services, which consisted of network electronics and cable infrastructure, were then implemented at school sites over a period of two years.

In March 2008, the audit firm KPMG began an “Attestation Examination” of LSD. As a result of the examination, on June 29, 2009, a COMAD was issued by the SLD requesting that the \$460,554.58 paid to the District for services rendered by Verizon be returned based upon the argument that the District “failed to comply with all FCC, state and local procurement/competitive bidding requirement because you did not post advertisements in the local newspaper, a local bidding regulation required by the Los Angeles County Office of Education.” That COMAD is attached as *Exhibit 1*.

On August 25, 2009, the District filed an appeal to the SLD arguing that it had complied with state and/or local competitive bidding requirements. The SLD denied the appeal asserting, despite arguments raised by LSD, that since the District failed to

advertise in the newspaper, it did not meet state and/or local competitive bidding policies. See Administrators' Decision on Appeal attached as *Exhibit 2*.

As discussed in more detail below, the SLD's analysis of 47 C.F.R. § 54.504 (a) and California state and/or local competitive bidding policies is flawed.

III. APPEAL OF DECISION OF THE UNIVERSAL SERVICE ADMINISTRATOR

The C.F.R requires that all eligible schools seek competitive bids pursuant to 47 C.F.R. § 54.404 for all services eligible for support under §§ 54.502 and 54.503, which include Internal Connections. According to the C.F.R., “[t]hese competitive bid requirements apply in addition to state and local competitive bid requirements and are not intended to preempt such state or local requirements.” *Id.*, § 54.404(a). The eligible school is required to post a Form 470 to the USAC Administrator (the “Administrator”) which is then posted by USAC on its website seeking bids for the services at issue. *Id.*, § 54.404(b). Among other requirements, the District is required to review and evaluate the bids and accept the bid that is the most cost-effective but only after the Form 470 has been posted for at least 28 days. *Id.*

Subsequently, an eligible school “shall, upon signing a contract for eligible services, submit a completed FCC Form 471 to the Administrator.” 47 C.F.R. § 54.404(c). The “Form 471 shall be signed by the person authorized to order telecommunications and other supported services for the eligible school, library, or consortium and shall include that person’s certification under oath” that, among other things, “[t]he entities listed on the FCC Form 471 application have complied with all applicable state and local laws regarding procurement of services for which support is

being sought.” 47 C.F.R. § 54.404(c)(vi). The certification corresponds with 47 C.F.R. § 54.404(a) statement that the competitive bid requirements apply in addition to state and/or local competitive bid requirements.

LSD did comply with said requirements as follows. The District posted a Form 470 and RFP for a period of 33 days, exceeding the 28-day requirement. The District also complied with California Public Contract Code, which regulates competitive bidding for state and local governing agencies in California, including school districts. Per California Public Contract Code (CPCC) § 1600 “Notwithstanding any other provision of law, counties, a city and county, and state agencies may enter into and make payment on contracts by way of electronic transmission, including, but not limited to, the issuance of solicitation documents, and the receipt of responses thereto.” LSD fulfilled this requirement by electronically posting its Form 470 via the USAC website in order to solicit bids. In addition, CPCC § 20118.1 states “The governing board of any school district may contract with an acceptable party who is one of the three lowest responsible bidders for the procurement or maintenance, or both, of electronic data-processing systems and supporting software in any manner the board deems appropriate.” In compliance with CPCC § 20118.1, the LSD Board of Education officially approved the competitive bidding process at its November 19, 2002 public meeting as shown in *Exhibit 3*. In response to the Form 470 and RFP, proposals were received by the District in its Board room on November 26, 2002 and publicly opened and recorded as shown in *Exhibit 4*. The contract to the selected service provider, in this case the sole bidder Verizon, was awarded by the LSD Board of Education at its December 17, 2002 public meeting as shown in *Exhibit 5*.

While it is true that LSD looks to its local educational services agency, in this case the Los Angeles County Office of Education (LACOE), for guidance in competitive bidding policy, the District is ultimately bound to California Public Contract Code and the decisions of its Governing Board. The statement made by the SLD in its decision letter “The Los Angeles County Office of Education policies requires the District to post advertisements in the local newspaper. This requirement was not met” is flawed, because while LACOE offers guidance on policy, it does not create policy. The District did meet the competitive bidding requirements of California Public Contract Code § 1600 and § 20118.1. Therefore, the District complied with the C.F.R.’s requirements for the filing of its Form 471 and should not have had its funding rescinded.

IV. REQUEST FOR A WAIVER

In the event that the Commission does not grant LSD’s appeal, the District requests, in the alternative, pursuant to Section 1.3 of the Commission’s Rules, that the Commission grant a waiver of its rules to permit LSD to qualify under the Telecommunications Act. 47 C.F.R § 1.3. For the reasons detailed below, LSD believes such a waiver is equitable and consistent with the Act as well as prior Commission waivers relating to the filing of FCC Forms 470 and 471.

Section 1.3 provides that the Commission may waive its rules “if good cause therefore is shown.” 47 C.F.R § 1.3. Generally, a waiver is appropriate if “special circumstances warrant deviation from the general rule and such deviation will serve the public interest.” *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1164 (D.C. Cir. 1990); *see also WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969).

A waiver is appropriate here because LSD complied with the requirements of the Telecommunications Act and with California law. The only reason funding has been rescinded is that the SLD contends that the District did not follow Los Angeles County Office of Education policies, which is fundamentally flawed. In the event the Commission does not agree with the District that it complied with the letter and intent of 47 C.F.R. § 54.404(a), it should waive these rules and reverse the SLD's determination of September 2, 2009.

There is no evidence in the record that LSD engaged in activity intended to defraud or abuse the E-rate program. Denying its requests for funding would create undue hardship and prevent it from receiving E-rate funding for work already performed by Verizon for services that are being used the District's classrooms in compliance with program rules. Accordingly, good cause exists to grant LSD a waiver of section 54.504(a) of the Commission's rules.

V. CONCLUSION

LSD respectfully requests that the Commission reverse the SLD's determination of September 2, 2009 in which it affirmed a previous determination that LSD's Form 471 filed with respect to its procurement of Internal Connections services did not comply with LACOE procurement policies, and, therefore, should not have been funded. In the alternative, LSD seeks a waiver as described herein, to allow LSD to retain the funding it received pursuant to the Funding Commitment Letter issued by the SLD on March 3, 2004.

Respectfully submitted,

Cathy Benham

Exhibit 1

Robin Allen

LANCASTER SCHOOL DISTRICT

44711 CEDAR AVE

LANCASTER, CA 93534 3210

Notification of Commitment Adjustment Letter

Funding Year 2003: July 1, 2003 - June 30, 2004

June 29, 2009

**KELLEY FLYNN
LANCASTER SCHOOL DISTRICT
44711 CEDAR AVE
LANCASTER, CA 93534 3210**

**Re: Form 471 Application Number: 352384
Funding Year: 2003
Applicant's Form Identifier: LSD2_03_04
Billed Entity Number: 144003
FCC Registration Number: 0007415896
SPIN: 143004038
Service Provider Name: Verizon Select Services Inc.
Service Provider Contact Person: Jeannine Tabb**

Our routine review of Schools and Libraries Program (Program) funding commitments has revealed certain applications where funds were committed in violation of Program rules.

In order to be sure that no funds are used in violation of Program rules, the Universal Service Administrative Company (USAC) must now adjust your overall funding commitment. The purpose of this letter is to make the required adjustments to your funding commitment, and to give you an opportunity to appeal this decision. USAC has determined the applicant is responsible for all or some of the violations. Therefore, the applicant is responsible to repay all or some of the funds disbursed in error (if any).

This is NOT a bill. If recovery of disbursed funds is required, the next step in the recovery process is for USAC to issue you a Demand Payment Letter. The balance of the debt will be due within 30 days of that letter. Failure to pay the debt within 30 days from the date of the Demand Payment Letter could result in interest, late payment fees, administrative charges and implementation of the "Red Light Rule." The FCC's Red Light Rule requires USAC to dismiss pending FCC Form 471 applications if the entity responsible for paying the outstanding debt has not paid the debt, or otherwise made satisfactory arrangements to pay the debt within 30 days of the notice provided by USAC. For more information on the Red Light Rule, please see "Red Light Frequently Asked Questions (FAQs)" posted on the FCC website at http://www.fcc.gov/debt_collection/faq.html.

TO APPEAL THIS DECISION:

You have the option of filing an appeal with USAC or directly with the Federal Communications Commission (FCC).

If you wish to appeal the Commitment Adjustment Decision indicated in this letter to USAC your appeal must be received or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. In your letter of appeal:

1. Include the name, address, telephone number, fax number, and email address (if available) for the person who can most readily discuss this appeal with us.
2. State outright that your letter is an appeal. Identify the date of the Notification of Commitment Adjustment Letter and the Funding Request Number(s) (FRN) you are appealing. Your letter of appeal must include the
 - Billed Entity Name,
 - Form 471 Application Number,
 - Billed Entity Number, and
 - FCC Registration Number (FCC RN) from the top of your letter.
3. When explaining your appeal, copy the language or text from the Notification of Commitment Adjustment Letter that is the subject of your appeal to allow USAC to more readily understand your appeal and respond appropriately. Please keep your letter to the point, and provide documentation to support your appeal. Be sure to keep a copy of your entire appeal including any correspondence and documentation.
4. If you are an applicant, please provide a copy of your appeal to the service provider(s) affected by USAC's decision. If you are a service provider, please provide a copy of your appeal to the applicant(s) affected by USAC's decision.
5. Provide an authorized signature on your letter of appeal.

To submit your appeal to us on paper, send your appeal to:

Letter of Appeal
Schools and Libraries Division - Correspondence Unit
100 S. Jefferson Rd.
P. O. Box 902
Whippany, NJ 07981

For more information on submitting an appeal to USAC, please see the "Appeals Procedure" posted on our website.

If you wish to appeal a decision in this letter to the FCC, you should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received by the FCC or postmarked within 60 days of the date of this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. We strongly recommend that you use the electronic filing options described in the "Appeals Procedure" posted on our website. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554.

FUNDING COMMITMENT ADJUSTMENT REPORT

On the pages following this letter, we have provided a Funding Commitment Adjustment Report (Report) for the Form 471 application cited above. The enclosed Report includes the Funding Request Number(s) from your application for which adjustments are necessary. See the "Guide to USAC Letter Reports" posted at <http://usac.org/sl/tools/reference/guide-usac-letter-reports.aspx> for more information on each of the fields in the Report. USAC is also sending this information to your service provider(s) for informational purposes. If USAC has determined the service provider is also responsible for any rule violation on the FRN(s), a separate letter will be sent to the service provider detailing the necessary service provider action.

Note that if the Funds Disbursed to Date amount is less than the Adjusted Funding Commitment amount, USAC will continue to process properly filed invoices up to the Adjusted Funding Commitment amount. Review the Funding Commitment Adjustment Explanation in the attached Report for an explanation of the reduction to the commitment(s). Please ensure that any invoices that you or your service provider(s) submits to USAC are consistent with Program rules as indicated in the Funding Commitment Adjustment Explanation. If the Funds Disbursed to Date amount exceeds your Adjusted Funding Commitment amount, USAC will have to recover some or all of the disbursed funds. The Report explains the exact amount (if any) the applicant is responsible for repaying.

Schools and Libraries Division
Universal Services Administrative Company

cc: Jeannine Tabb
Verizon Select Services Inc.

**Funding Commitment Adjustment Report for
Form 471 Application Number: 352384**

Funding Request Number:	948455
Services Ordered:	INTERNAL CONNECTIONS
SPIN:	143004038
Service Provider Name:	Verizon Select Services Inc.
Contract Number:	N/A
Billing Account Number:	
Site Identifier:	144003
Original Funding Commitment:	\$178,086.90
Commitment Adjustment Amount:	\$178,086.90
Adjusted Funding Commitment:	\$0.00
Funds Disbursed to Date:	\$176,722.50
Funds to be Recovered from Applicant:	\$176,722.50
Funding Commitment Adjustment Explanation:	

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of an audit it was determined that you failed to comply with all FCC, state and local procurement/competitive bidding requirements because you did not post advertisements in the local newspaper, a local bidding regulation required by the Los Angeles County Office of Education. The FCC rules require that the applicant submits a "bona fide" request for services by conducting internal assessments of the components necessary to use effectively the discounted services they order, submitting a complete description of services they seek so that it may be posted for competing providers to evaluate and certify to certain criteria under penalty of perjury. Since you failed to comply with local and state procurement laws you violated the competitive bidding process. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant.

Funding Request Number: 948459
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143004038
Service Provider Name: Verizon Select Services Inc.
Contract Number: N/A
Billing Account Number:
Site Identifier: 144003
Original Funding Commitment: \$155,433.30
Commitment Adjustment Amount: \$155,433.30
Adjusted Funding Commitment: \$0.00
Funds Disbursed to Date: \$154,354.87
Funds to be Recovered from Applicant: \$154,354.87
Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of an audit it was determined that you failed to comply with all FCC, state and local procurement/competitive bidding requirement because you did not post advertisements in the local newspaper, a local bidding regulation required by the Los Angeles County Office of Education. The FCC rules require that the applicant submits a "bona fide" request for services by conducting internal assessments of the components necessary to use effectively the discounted services they order, submitting a complete description of services they seek so that it may be posted for competing providers to evaluate and certify to certain criteria under penalty of perjury. Since you failed to comply with local and state procurement laws you violated the competitive bidding process. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant. In addition during the course of the audit it was determined that equipment purchased with the Universal Service funds for FRN 948459 could not be located. FCC rules require that the equipment purchased with program discounts be located at an eligible entity and be utilized effectively for educational purposes. The rules require that applicants retain asset and inventory records of equipment purchased and components of supported internal connections services sufficient to verify the location of such equipment for five years. Since you did not maintain the related asset and inventory records and the equipment purchased with Universal Service funds could not be located, the above FCC rules were violated. USAC will seek recovery of \$1,094.00 of improperly disbursed funds from the applicant. This amount is included in the full recovery for violating the competitive bidding process.

Funding Request Number: 948460
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143004038
Service Provider Name: Verizon Select Services Inc.
Contract Number: N/A
Billing Account Number:
Site Identifier: 144003
Original Funding Commitment: \$129,935.48
Commitment Adjustment Amount: \$129,935.48
Adjusted Funding Commitment: \$0.00
Funds Disbursed to Date: \$129,477.21
Funds to be Recovered from Applicant: \$129,477.21
Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of an audit it was determined that you failed to comply with all FCC, state and local procurement/competitive bidding requirement because you did not post advertisements in the local newspaper, a local bidding regulation required by the Los Angeles County Office of Education. The FCC rules require that the applicant submits a "bona fide" request for services by conducting internal assessments of the components necessary to use effectively the discounted services they order, submitting a complete description of services they seek so that it may be posted for competing providers to evaluate and certify to certain criteria under penalty of perjury. Since you failed to comply with local and state procurement laws you violated the competitive bidding process. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant.

In addition during the course of the audit it was determined that equipment purchased with the Universal Service funds for FRN 948460 could not be located and that equipment for which you requested discounts in your funding request has not been utilized in accordance with program rules. FCC rules require that the equipment purchased with program discounts be located at an eligible entity and be utilized effectively for educational purposes. The rules require that applicants retain asset and inventory records of equipment purchased and components of supported internal connections services sufficient to verify the location of such equipment for five years. Since you did not maintain the related asset and inventory records and the equipment purchased with Universal Service funds could not be located, the above FCC rules were violated. USAC will seek recovery of \$2,844.00 of improperly disbursed funds from the applicant. FCC rules also require that applicants have secured all the necessary resources to make effective use of the equipment and that the equipment is utilized for an educational purpose. Seven switches were not connected or fully utilized. Since a review has revealed that equipment has not be utilized according to program rules, USAC must seek recovery of all funds improperly disbursed that are associated with the equipment not being utilized. USAC is seeking recovery of \$1,531.00. These amounts are included in the full recovery for violating the competitive bidding process.

KELLEY FLYNN
LANCASTER SCHOOL DISTRICT
44711 CEDAR AVE
LANCASTER, CA 93534 3210

Notification of Commitment Adjustment Letter

Funding Year 2003: July 1, 2003 - June 30, 2004

June 29, 2009

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LANCASTER SCHOOL DISTRICT
44711 CEDAR AVE
LANCASTER, CA 93534 3210**

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Funding Year: 2003
Applicant's Form Identifier: LSD2_03_04
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FCC Registration Number: 0007415896
SPIN: 143004038
Service Provider Name: Verizon Select Services Inc.
Service Provider Contact Person: Jeannine Tabb**

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Schools and Libraries Division
Universal Services Administrative Company

cc: Jeannine Tabb
Verizon Select Services Inc.

Funding Commitment Adjustment Report for
Form 471 Application Number: 352384

Funding Request Number: 948455
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143004038
Service Provider Name: Verizon Select Services Inc.
Contract Number: N/A
Billing Account Number:
Site Identifier: 144003
Original Funding Commitment: \$178,086.90
Commitment Adjustment Amount: \$178,086.90
Adjusted Funding Commitment: \$0.00
Funds Disbursed to Date: \$176,722.50
Funds to be Recovered from Applicant: \$176,722.50

Funding Commitment Adjustment Explanation:

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Billing Account Number:
Site Identifier: 144003
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Funds to be Recovered from Applicant: \$154,354.87
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After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of an audit it was determined that you failed to comply with all FCC, state and local procurement/competitive bidding requirement because you did not post advertisements in the local newspaper, a local bidding regulation required by the Los Angeles County Office of Education. The FCC rules require that the applicant submits a "bona fide" request for services by conducting internal assessments of the components necessary to use effectively the discounted services they order, submitting a complete description of services they seek so that it may be posted for competing providers to evaluate and certify to certain criteria under penalty of perjury. Since you failed to comply with local and state procurement laws you violated the competitive bidding process. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant. In addition during the course of the audit it was determined that equipment purchased with the Universal Service funds for FRN 948459 could not be located. FCC rules require that the equipment purchased with program discounts be located at an eligible entity and be utilized effectively for educational purposes. The rules require that applicants retain asset and inventory records of equipment purchased and components of supported internal connections services sufficient to verify the location of such equipment for five years. Since you did not maintain the related asset and inventory records and the equipment purchased with Universal Service funds could not be located, the above FCC rules were violated. USAC will seek recovery of \$1,094.00 of improperly disbursed funds from the applicant. This amount is included in the full recovery for violating the competitive bidding process.

Funding Request Number: 948460
Services Ordered: INTERNAL CONNECTIONS
SPIN: 143004038
Service Provider Name: Verizon Select Services Inc.
Contract Number: N/A
Billing Account Number:
Site Identifier: 144003
Original Funding Commitment: \$129,935.48
Commitment Adjustment Amount: \$129,935.48
Adjusted Funding Commitment: \$0.00
Funds Disbursed to Date: \$129,477.21
Funds to be Recovered from Applicant: \$129,477.21
Funding Commitment Adjustment Explanation:

After a thorough investigation, it has been determined that this funding commitment must be rescinded in full. During the course of an audit it was determined that you failed to comply with all FCC, state and local procurement/competitive bidding requirement because you did not post advertisements in the local newspaper, a local bidding regulation required by the Los Angeles County Office of Education. The FCC rules require that the applicant submits a "bona fide" request for services by conducting internal assessments of the components necessary to use effectively the discounted services they order, submitting a complete description of services they seek so that it may be posted for competing providers to evaluate and certify to certain criteria under penalty of perjury. Since you failed to comply with local and state procurement laws you violated the competitive bidding process. Accordingly, your funding commitment will be rescinded in full and USAC will seek recovery of any disbursed funds from the applicant.

In addition during the course of the audit it was determined that equipment purchased with the Universal Service funds for FRN 948460 could not be located and that equipment for which you requested discounts in your funding request has not been utilized in accordance with program rules. FCC rules require that the equipment purchased with program discounts be located at an eligible entity and be utilized effectively for educational purposes. The rules require that applicants retain asset and inventory records of equipment purchased and components of supported internal connections services sufficient to verify the location of such equipment for five years. Since you did not maintain the related asset and inventory records and the equipment purchased with Universal Service funds could not be located, the above FCC rules were violated. USAC will seek recovery of \$2,844.00 of improperly disbursed funds from the applicant. FCC rules also require that applicants have secured all the necessary resources to make effective use of the equipment and that the equipment is utilized for an educational purpose. Seven switches were not connected or fully utilized. Since a review has revealed that equipment has not be utilized according to program rules, USAC must seek recovery of all funds improperly disbursed that are associated with the equipment not being utilized. USAC is seeking recovery of \$1,531.00. These amounts are included in the full recovery for violating the competitive bidding process.

Exhibit 2

Robin Allen
Lancaster School District
44711 North Cedar Avenue
Lancaster, CA 93534-3210

Billed Entity Number: 144003
Form 471 Application Number: 352384
Form 486 Application Number:



Universal Service Administrative Company
Schools & Libraries Division

Administrator's Decision on Appeal – Funding Year 2003-2004

September 02, 2009

Robin Allen
Lancaster School District
44711 North Cedar Avenue
Lancaster, CA 93534-3210

Re: Applicant Name: LANCASTER SCHOOL DISTRICT
Billed Entity Number: 144003
Form 471 Application Number: 352384
Funding Request Number(s): 948455, 948459, 948460
Your Correspondence Dated: August 25, 2009

After thorough review and investigation of all relevant facts, the Schools and Libraries Division (SLD) of the Universal Service Administrative Company (USAC) has made its decision in regard to your appeal of USAC's Funding Year 2003 Commitment Adjustment Letter for the Application Number indicated above. This letter explains the basis of USAC's decision. The date of this letter begins the 60 day time period for appealing this decision to the Federal Communications Commission (FCC). If your Letter of Appeal included more than one Application Number, please note that you will receive a separate letter for each application.

Funding Request Number(s): 948455, 948459, 948460
Decision on Appeal: **Denied**
Explanation:

- Upon review of the appeal and all relevant documentation, USAC has determined that Lancaster School District (the District) is in violation of FCC rules regarding competitive bidding. The record shows that during the course of an audit, it was found that the District did not follow its procurement policies. The Los Angeles County Office of Education policies requires the District to post advertisements in the local newspaper. This requirement was not met. The rules of this support mechanism require applicants to comply with state and/or local competitive policies in addition to schools and libraries competitive requirements. In addition during the course of the audit it was determined that equipment purchased with the Universal Service funds for FRN 948460 could not be located and that equipment for which you requested discounts in your funding request has not been utilized in accordance with program rules. Specifically, seven switches at

Sunnydale Elementary School were not connected or not fully utilized. On appeal you state that unforeseen circumstances forced the school to reallocate its resources to projects of an urgent nature. Program rules require applicants to secure access to all of the resources necessary to make effective use of the products and services for which they receive discounts. On appeal, you failed to provide evidence that USAC erred in its decision to rescind funding. Consequently, your appeal is denied.

If your appeal has been approved, but funding has been reduced or denied, you may appeal these decisions to either USAC or the FCC. For appeals that have been denied in full, partially approved, dismissed, or canceled, you may file an appeal with the FCC. You should refer to CC Docket No. 02-6 on the first page of your appeal to the FCC. Your appeal must be received or postmarked within 60 days of the date on this letter. Failure to meet this requirement will result in automatic dismissal of your appeal. If you are submitting your appeal via United States Postal Service, send to: FCC, Office of the Secretary, 445 12th Street SW, Washington, DC 20554. Further information and options for filing an appeal directly with the FCC can be found in the "Appeals Procedure" posted in the Reference Area of the SLD section of the USAC website or by contacting the Client Service Bureau. We strongly recommend that you use the electronic filing options.

We thank you for your continued support, patience and cooperation during the appeal process.

Schools and Libraries Division
Universal Service Administrative Company

Exhibit 3

A

LANCASTER SCHOOL DISTRICT

Approved 570
11-19-02

TO: Board of Trustees **DATE:** November 19, 2002
FROM: Stephen J. Gocke, Ph.D., Superintendent
Secretary to the Board
SUBJECT: BOARD AGENDA ITEM: CONSENT AGENDA ACTION ITEM

RECOMMENDATION: Motion 095 - AUTHORIZATION TO GO TO BID
BID #01-02-01 FOR INFRASTRUCTURE
INSTALLATION THROUGH E-RATE
PROGRAM

It is recommended that authorization to go to bid for Bid #01-02-01 for infrastructure installation through the E-Rate program at Desert View, Lincoln, Monte Vista, Park View and Sunnydale schools with an estimated cost of \$100,000 per site with discounts of 65% - 90%, to be paid by various site budgets, be approved by the Board.

RATIONALE:

Application window for E-Rate Funding Year 5 is now open. Bids will open on November 26, 2002 and posted on the Internet per E-Rate structure. Applications must be submitted by January 18, 2003. The District could save up to \$350,000 in technology costs through the E-Rate process.

LEGAL/COST: Estimated \$200,000 after discounts
FUNDING SOURCE: Individual Site Budgets
PREPARED BY: Dr. Gocke/Giovanni Simi/Kelley Flynn/Susan Nakamura

COPY

Ref. I

BOARD MINUTES - REGULAR BOARD MEETING
TUESDAY, NOVEMBER 19, 2002

CONSENT AGENDA ACTION ITEMS

095 On a VOTE OF 5/0, the motion by Mr. Kleven, seconded by Mr. Giles, to approve and/or ratify the consent agenda action items was approved by the Board as follows:

1. Minutes-Tuesday, November 5, 2002
2. Personnel Actions-Schedule No. 9
3. Conference Requests-Schedule No. 9
4. Budget Transfers/Adjustments
5. Cafeteria Balance Sheet No. 2
6. Cafeteria Profit/Loss Report No. 2
7. Cafeteria Balance Sheet No. 3
8. Cafeteria Profit/Loss Report No. 3
9. Student Body Account Report-New Vista Middle School
10. Student Body Account Report-Park View Middle School
11. Student Body Account Report-Piute Middle School
12. Membership-Antelope Valley School Boards Association
13. Notice of Completion-West Wind School Construction Bid No. 03-102936-Bid Package #8 for Carpentry
14. Authorization to go to Bid for Bid #01-02-01 for Infrastructure Installation Through E-Rate Program
15. Probationary Contract-Effective July 1, 2001
16. Probationary Contract-Effective July 1, 2002
17. Probationary Contracts-2002/03 School Year
18. Agreement-We Tell Stories
19. Agreement-Principal's Exchange LLC
20. Agreement-Six Flags Magic Mountain
21. Agreement-Lynne Aoki
22. Agreement-Earth Systems Consultants-Jack Northrop Compaction Testing, Materials Testing and Special Inspection Services
23. Non-Public School Agreement-A.V. Therapies
24. Field Trip-Afterschool Ski and Snowboard Adventure Program-New Vista Middle School
25. Field Trip-Big Rock Creek Camp-Jack Northrop Elementary School
26. Field Trip-Big Rock Creek Camp-Jack Northrop Elementary School
27. Acceptance of Gift-Deluxe Check Printers
28. Acceptance of Gift-Coca Cola Bottling Company
29. Expulsion-Student #0065034003
30. Expulsion-Student #0065017560
31. Expulsion-Student #0065014469
32. Expulsion-Student #0065014801

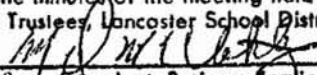
I hereby certify that this is a true and correct
copy of the minutes of the meeting held by the
Board of Trustees, Lancaster School District

Assistant Superintendent, Business Services

Exhibit 4

Exhibit 5

D

277

BOARD MINUTES - REGULAR BOARD MEETING
TUESDAY, DECEMBER 17, 2002

137 AWARD OF E-RATE INTERNET INFRASTRUCTURE
BID, VERIZON OF CALIFORNIA, INC.

On a VOTE OF 5/0, the motion by Mr. Giles, seconded by Mr. Miller, to award of the E-Rate Internet Infrastructure Bid to Verizon of California, Inc., for infrastructure installation at a cost of \$750,373.65, less site 80% E-Rate discounts for all sites, was approved by the Board.

138 REJECTION OF CLAIM

On a VOTE OF 5/0, the motion by Mr. Kleven, seconded by Mr. White, to **reject** the Claim against the Lancaster School District by a parent/guardian of student #0065016193 was approved by the Board.

HUMAN RESOURCES SERVICES

139 AUTHORIZING TEACHING ASSIGNMENT OPTIONS PER EDUCATION CODE

On a VOTE OF 5/0, the motion by Mr. Kleven, seconded by Mr. Miller, to authorize the following teachers, who have completed the required units in the curriculum area in which she is assigned outside her credential authorization, to teach for the 2002/2003 school per the following Education Codes was approved by the Board:

PI	WALLACE Diana	EC44256(b)	Science-7/8 Grades
PV	RUSSELL-JONASSEN, Michelle	EC44256(b)	Science-8 Grade/50%

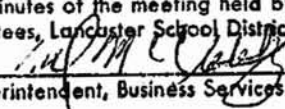
INFORMATIONAL ITEMS

Administration

Dr. Gocke reminded everyone that the January 21, 2003, Board meeting will be held at Sunnydale School.

Educational Services

Dr. Sundberg reported an increase of 23 to bring K-8 enrollment to 15,642. There are also 326 children in the State Preschool program, 156 children in the Special Education Preschool program, and 100 children in the Head Start program which brings the District total to 16,224.

I hereby certify that this is a true and correct
copy of the minutes of the meeting held by the
Board of Trustees, Lancaster School District

Assistant Superintendent, Business Services

AUTHORITY TO COMMUNICATE – Letter of Agency (LOA)

This ATC/LOA (Agreement) entered into on this 8th day of October, 2007 by and between California School Management Group, Inc., a California Corporation ("Consultant") and **Lancaster Elementary School District**, a school district under the laws of the State of California ("District"). Consultant's authority to communicate shall remain in effect during the term of the "E-Rate Services" consulting contract.

Consultant and District determines it is necessary to prepare documentation, forms and applications regarding the Federal Communications Commission ("FCC") E-Rate program. District grants to Consultant the authority to investigate and communicate, in any form, with any telecommunication company, service provider or the Schools and Libraries Division with regard to the E-Rate Program on District's behalf. Consultant acknowledges that nothing contained herein shall constitute a principal and agent relationship or be construed to evidence the intention of the District to constitute such. Each party to the agreement represents and warrants that the officer executing this Agreement has been duly authorized.

The term of this assignment is from the date of final execution (above) until all issues with E-Rate Years 2003 (Year 6), 2004 (Year 7), 2005 (Year 8), 2006 (Year 9), 2007 (Year 10), and 2008 (Year 11) are resolved or June 30, 2012. When executed, this agreement is authorization for all employees of Consultant to communicate on behalf of the District in performance of the duties outlined herein. The following is a list of California School Management Group, Inc (CSM) employees who are authorized to speak on behalf of the aforementioned client:

Kimberly Friends
Michelle Hurley
Erin Tingley

Linda Smith
Rachel Allen
David Cichella

Scott Harken
Cathy Benham
Brandi Hackney

California School Management Group, Inc.

Name: Kimberly Friends

Print Name: Kimberly M. Friends

Title: Vice-President, E-Rate Services

Lancaster Elementary School District

Name: Howard E. Sundberg

Print Name: Howard E. Sundberg

Title: Superintendent